

LAW OFFICES  
**NELSON MULLINS RILEY & SCARBOROUGH, L.L.P.**

A REGISTERED LIMITED LIABILITY PARTNERSHIP

BRADLEY E. WAHL  
(ADMITTED IN GA & NY)  
(404) 817-6250  
INTERNET ADDRESS: BEW@NMRS.COM

999 PEACHTREE STREET, N.E.  
FIRST UNION PLAZA  
SUITE 1400

ATLANTA, GEORGIA 30309

TELEPHONE (404) 817-6000

FACSIMILE (404) 817-6050

WWW.NMRS.COM

OTHER OFFICES:  
CHARLESTON, SOUTH CAROLINA  
CHARLOTTE, NORTH CAROLINA  
COLUMBIA, SOUTH CAROLINA  
GREENVILLE, SOUTH CAROLINA  
MYRTLE BEACH, SOUTH CAROLINA

MUNICH, GERMANY

January 12, 2006

**Via Federal Express**

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-00001

RECORDATION NO. 26123 FILED  
JAN 17 '06 4-16 PM  
SURFACE TRANSPORTATION BOARD

JAN 17 2006  
RECEIVED

Dear Sir:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. This document is a Memorandum of Mortgage and Security Agreement, a primary document, dated December 1, 2005.

The names and addresses of the parties to the documents are as follows:

Lender: Wachovia Bank, National Association  
Attention: Credit Products Management  
484 Mulberry Street  
P O Box 6477  
Macon, GA 31213

Pledgor: Georgia Southwestern Railroad, Inc.  
216 Long Drive  
Smithville, GA 31787

A description of the equipment covered by the document is listed on the attached Schedule. A fee of \$33 per document is enclosed. Please return the original and extra copies not needed by the Board for recordation to me, Bradley E. Wahl, at the address listed above.

A short summary of the document to appear in the index follows:

1. Memorandum of Mortgage and Security Agreement between Georgia Southwestern Railroad, Inc., as debtor, and Wachovia Bank, National Association, as secured party, dated December 1, 2005, and covering six locomotives and four passenger railcars described on the

Mr. Vernon A. Williams  
January 12, 2006  
Page 2

attached Schedule.

Please advise me of any other documentation or fees required by responding to:

Bradley E. Wahl, Esq.  
Nelson, Mullins Riley & Scarborough, LLP  
999 Peachtree Street, NE  
Atlanta, Georgia 30309

Thank you for your prompt attention to this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'B. Wahl', written in black ink.

Bradley E. Wahl

BEW:  
Enclosures

JAN 17 '06

4-16 PM

## MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT

THIS MEMORANDUM OF MORTGAGE AND SECURITY AGREEMENT (the Agreement), dated as of December 1, 2005 between GEORGIA SOUTHWESTERN RAILROAD, INC. (the Borrower) and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association ( Bank );

## WITNESSETH:

1. Bank has made a loan in the amount of \$765,000 to Borrower, evidenced by a Promissory Note, dated as of even date herewith, in the original principal amount of \$765,000, as amended, modified, supplemented and restated from time to time (the Note ).

2. The Note and the Borrower's other Obligations are secured by, among other things, that certain Mortgage and Security Agreement, dated as of even date herewith, between Borrower and Bank (the Security Agreement ), on six Locomotives and four Railcars, and the related Collateral, as described herein.

3. As used in this Agreement, capitalized terms shall have the following meaning:

Collateral means the following property of Borrower, wherever located and whether now owned by Borrower or hereafter acquired: (a) the Locomotives; (b) the Rail Cars; (c) All Equipment comprising or attached to, or used by Borrower in connection with, the Rail Cars; (d) all general intangibles relating to the Locomotives and the Rail Cars and equipment used in connection therewith, and (e) all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of any of the foregoing (including insurance proceeds payable by reason of loss or damage thereto) in any form and wherever located. Collateral shall include all written or electronically recorded books and records relating to any such Collateral and other rights relating thereto.

Locomotives means (i) the EMD locomotive model GP8, with 567 diesel engine, with road number CPDR 70, (ii) the EMD locomotive model GP7, with 567 diesel engine, with road number 22 07, (iii) the General Electric model B23-7, with FDL 12 cylinder turbo power engine, with road number 2209, (iv) the General Electric model B23-7, with FDL 12 cylinder turbo power engine, with road number 2213, (v) the EMD locomotive model FP9, with 567 C model diesel engine, with road number 6302, and (vi) the EMD locomotive model FP9, with 567 C model diesel engine, with road number 6308, each as more particularly identified on Schedule A hereto.

Rail Cars means (i) a 1952 Pullman Standard railcar, No. 2002, (ii) a 1955 Budd railcar, No. 2004, (iii) a 1955 Budd railcar, No. 2005, and (iv) a 1954 St. Louis Car Co. railcar, No. 2003, each as more particularly identified on Schedule B hereto.

## Schedule A

### Locomotives

## LOCOMOTIVES

(11)

ROAD NUMBER: 2207  
ENGINE: 567 Diesel  
CONFIGURATION: Standard  
MANUFACTURER: EMD  
MODEL: GP7  
AXLE: 4  
DYNAMIC BRAKING: Equipped  
TRUCKS: Blomberg  
MULTIPLE UNITS: Equipped  
BATTERIES: Good  
COOLING FAN: 48"  
IMPROVEMENTS: Current  
WEIGHT: 130 Ton  
AIR COMPRESSOR: WBO  
RETROFIT: Current  
DITCH LIGHTS: Equipped  
AIR BRAKES: 26L  
JOURNAL BOX: Hyatt  
LINE OF SITE: Short Nose

YEAR MFG: 1979  
HORSEPOWER: 1500  
CONDITION: Excellent  
POWER: Diesel Electric  
FRA COMPLIANT: Yes. Blue Cards  
Signed in Date  
CURRENT AIR DATE: In Date  
FUEL CAPACITY: 2500 Gallon  
PAINT: Good  
RESTORATION: 1980 Current  
TRACTION MOTORS: D77's  
GENERATORS: Equipped  
AUXILIARY GENERATOR: Equipped  
ELECTRICAL CABINETS: Current

## LOCOMOTIVES

(III) & (IV)

|                         |                             |                             |                                   |
|-------------------------|-----------------------------|-----------------------------|-----------------------------------|
| <u>ROAD NUMBER:</u>     | 2009 & 2013                 | <u>YEAR MFG:</u>            | 1979                              |
| <u>ENGINE:</u>          | FDL 12-cyl<br>w/Turbo Power | <u>HORSEPOWER:</u>          | 2250 HP                           |
| <u>CONFIGURATION:</u>   | Exactly Identical           | <u>CONDITION:</u>           | Excellent                         |
| <u>MANUFACTURER:</u>    | General Electric            | <u>POWER:</u>               | Diesel Electric                   |
| <u>MODEL:</u>           | B23-7                       | <u>FRA COMPLIANT:</u>       | Yes. Blue Cards<br>Signed in Date |
| <u>AXLE:</u>            | 4                           | <u>FUEL CAPACITY:</u>       | 2500 Gallon                       |
| <u>DYNAMIC BRAKING:</u> | Equipped                    | <u>PAINT:</u>               | Fair                              |
| <u>TRUCKS:</u>          | AAR Type B                  | <u>RESTORATION:</u>         | Brakes & Valves<br>2005           |
| <u>MULTIPLE UNITS:</u>  | Equipped                    | <u>TRACTION MOTORS:</u>     | D77's                             |
| <u>COOLING FAN:</u>     | 48"                         | <u>AUXILIARY GENERATOR:</u> | Equipped                          |
| <u>IMPROVEMENTS:</u>    | Current Air Date            | <u>GENERATORS:</u>          | Equipped                          |
| <u>WEIGHT:</u>          | 130 Ton                     | <u>ELECTRICAL CABINETS:</u> | Current                           |
| <u>AIR COMPRESSOR:</u>  | WBO                         |                             |                                   |
| <u>RETROFIT:</u>        | Current                     |                             |                                   |
| <u>DITCH LIGHTS:</u>    | Equipped                    |                             |                                   |
| <u>AIR BRAKES:</u>      | 26L                         |                             |                                   |
| <u>JOURNAL BOX:</u>     | Hyatt                       |                             |                                   |
| <u>LINE OF SITE:</u>    | Short Nose                  |                             |                                   |

# LOCOMOTIVES

(V) \* (V1)

|                                |                        |                                    |                              |
|--------------------------------|------------------------|------------------------------------|------------------------------|
| <b><u>ROAD NUMBER:</u></b>     | 6302 & 6308            | <b><u>YEAR MFG:</u></b>            | 1956                         |
| <b><u>ENGINE:</u></b>          | 567 "C" Model Diesel   | <b><u>HORSEPOWER:</u></b>          | 1850 HP Diesel               |
| <b><u>CONFIGURATION:</u></b>   | Exactly Identical      | <b><u>CONDITION:</u></b>           | Absolutely Mint              |
| <b><u>MANUFACTURER:</u></b>    | EMD                    | <b><u>POWER:</u></b>               | Diesel w/State of the        |
| <b><u>MODEL:</u></b>           | FP9                    |                                    | HEP (Head End Power)         |
| <b><u>AXLE:</u></b>            | 4                      |                                    | systems providing            |
| <b><u>DYNAMIC BRAKING:</u></b> | None                   |                                    | electricity to training cars |
| <b><u>TRUCKS:</u></b>          | Blomberg               | <b><u>FRA COMPLIANT:</u></b>       | Yes. Blue Cards              |
| <b><u>MULTIPLE UNITS:</u></b>  | Equipped               |                                    | Signed in Date               |
| <b><u>BATTERIES:</u></b>       | Good                   | <b><u>CURRENT AIR DATE:</u></b>    | Yes                          |
| <b><u>COOLING FANS:</u></b>    | 48"                    | <b><u>FUEL CAPACITY:</u></b>       | 1500 Gallon                  |
| <b><u>IMPROVEMENTS:</u></b>    | Prime Mover Upgrades   | <b><u>PAINT:</u></b>               | Excellent \$20K Paint        |
|                                | w/645 Power Assemblies | Jobs                               |                              |
| <b><u>WEIGHT:</u></b>          | 130 Ton                | <b><u>RESTORATION:</u></b>         | Aug. 2002 Carbody &          |
| <b><u>AIR COMPRESSOR:</u></b>  | WBO                    |                                    | Sand Boxes                   |
| <b><u>RETROFIT:</u></b>        | Nov. 1990              | <b><u>TRACTION MOTORS:</u></b>     | D77's                        |
| <b><u>DITCH LIGHTS:</u></b>    | Equipped               | <b><u>GENERATORS:</u></b>          | Equipped                     |
| <b><u>AIR BRAKES:</u></b>      | 26L                    | <b><u>AUXILIARY GENERATOR:</u></b> | Yes                          |
| <b><u>JOURNAL BOX:</u></b>     | Roller Bearing         | <b><u>ELECTRICAL CABINETS:</u></b> | Current                      |
| <b><u>LINE OF SITE:</u></b>    | Short Nose             |                                    |                              |

## Schedule B

### Passenger Cars



## **RAIL PASSENGER CARS**

(1)

|                          |                    |                      |                   |
|--------------------------|--------------------|----------------------|-------------------|
| <u>CAR NUMBER:</u>       | 2002               | <u>YEAR:</u>         | 1952              |
| <u>TYPE:</u>             | Observation/Lounge | <u>HEP EQUIPPED:</u> | Yes               |
| <u>REMODELED:</u>        | Extensive 2002     | <u>MFG:</u>          | Pullman Standard  |
| <u>SEATING CAPACITY:</u> | 50                 | <u>BATHROOM:</u>     | Handicap Equipped |
| <u>HVAC:</u>             | Yes                | <u>CONDITION:</u>    | Absolutely Mint   |

## **RAIL PASSENGER CARS**

(11) & (111)

|                          |               |                      |           |
|--------------------------|---------------|----------------------|-----------|
| <u>CAR NUMBER:</u>       | 2004 & 2005   | <u>YEAR:</u>         | 1955      |
| <u>TYPE:</u>             | Coach         | <u>HEP EQUIPPED:</u> | Yes       |
| <u>REMODELED:</u>        | 1980's by VRE | <u>MFG:</u>          | Budd      |
| <u>SEATING CAPACITY:</u> | 99            | <u>BATHROOM:</u>     | None      |
| <u>HVAC:</u>             | Yes           | <u>CONDITION:</u>    | Excellent |

## **RAIL PASSENGER CARS** (iv)

|                          |                               |                      |                   |
|--------------------------|-------------------------------|----------------------|-------------------|
| <u>CAR NUMBER:</u>       | 2003                          | <u>YEAR:</u>         | 1954              |
| <u>TYPE:</u>             | Table Pub Car<br>Amtrack 3101 | <u>HEP EQUIPPED:</u> | Yes               |
| <u>REMODELED:</u>        | 2003                          | <u>MFG:</u>          | St. Louis Car Co. |
| <u>SEATING CAPACITY:</u> | 50-75                         | <u>BATHROOM:</u>     | 2 ea. 2003        |
| <u>HVAC:</u>             | Yes                           | <u>CONDITION:</u>    | Mint              |